



# MILLENNIUM CHALLENGE CORPORATION



Compact-Eligible Country Report ★ June 2007

## Compact Description

MCC signed a 5-year Compact with the Government of Cape Verde on July 4, 2005, with the Compact entering into force in October 2005. The Compact supports Cape Verde in achieving its overall national development goal of transforming its economy from aid-dependency to sustainable, private-sector led growth. MCC funds are being used to improve the country's investment climate and reform the financial sector; improve infrastructure to support increased economic activity and provide access to markets, employment, and social services; increase agricultural productivity and raise the income of the rural population as well as carry out key policy reforms needed for sustained economic growth.

## Update on Progress

- Early MCA support of project activities is apparent through achievements made in government e-readiness; reductions in time to start a business; improved transparency in government operations; completion of monitoring & evaluation (M&E) baseline surveys and poverty profile surveys; public outreach and awareness campaigns on environmental issues and technical assistance (TA) in private sector investment.
- The Compact supports development that protects the environment and citizens' rights. MCA has held environment-related public awareness sessions, concluded baseline water studies, environmental impact assessments (EIAs) and an environmental and social monitoring plan (ESMP). MCA is completing water resource monitoring plans (WRMPs) and community based watershed management plans.
- Construction has commenced on the first of five roads and four bridges on Santiago and Santo Antão islands.
- The Compact supports HIV-AIDS prevention. All construction contractors are required to prepare awareness campaigns targeted to construction personnel and beneficiaries living along the roads and bridges being built on two islands.
- \$8M of procurement activities are currently being advertised in support of Compact implementation. These include procurement of works, goods and services in the Watershed Management and Agriculture Support, Private Sector Development, Monitoring & Evaluation, Infrastructure and general MCA-Cape Verde Administration sectors.
- Watershed infrastructure proposals on the islands of Fogo and S. Nicolau and proposals for the Consultancy to work on the Quarantine and Inspection System in Santo Antão have been received and are being evaluated.
- Progress is being made toward upgrading and expanding the Port of Praia, with Phase 1 surveys underway and proposals from 8 short-listed firms for Phase 2 studies being evaluated.
- The Cape Verde Government's accounting system is being updated as Compact funds support the development of new budget, payment and audit applications.
- The International Finance Corporation (IFC) is working with MCA on the Partnership to Mobilize Investments (PMI). IFC is designing activities and estimating economic rates of return (ERRs) for an Investment Action Plan that supports investment in key sectors identified in a Phase I survey.

## Compact Status

Status..... Implementation, Year 2

## Compact Information

Amount..... \$110 million

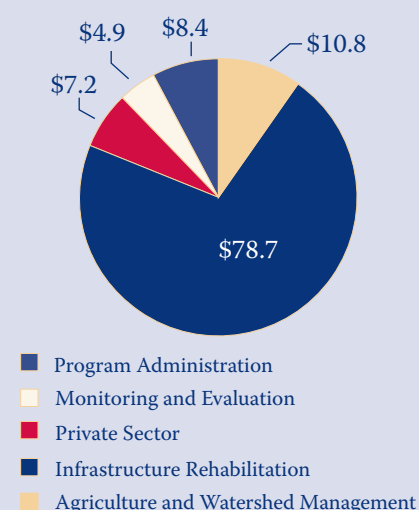
Duration .....5 years

## Country Information

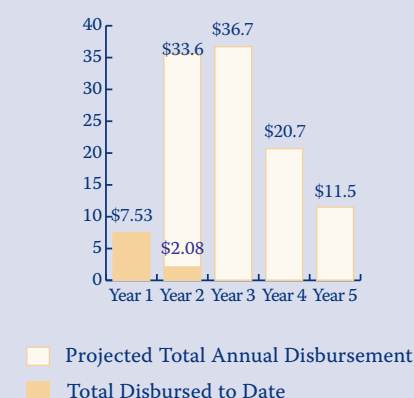
Population ..... 506,807\*

GNI Per Capita .....\$1,870\*

## Obligations by Key Sector in millions



## Disbursement Schedule in millions



\*World Development Indicators, World Bank, 2005